Ceres
Sustainability is the bottom line.

October 26, 2018

Administrator Andrew Wheeler
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue, N.W.
Washington, D.C. 20460

Deputy Administrator Heidi King
NHTSA Headquarters
1200 New Jersey Avenue SE
West Building
Washington DC, 20590

Re. SAFE Vehicle Rule for Model Years 2021-2026 Passenger Cars and Light Trucks; Docket ID No. NHTSA-2018-0067; EPA-HQ-OAR-2018-0283 (submitted via Federal eRulemaking Portal)

Dear Administrator Wheeler and Deputy Administrator King,

The Ceres BICEP Network comprises influential companies, representing over $550 billion in annual revenue, advocating for stronger climate and clean energy policies at the state and federal level in the U.S. On behalf of these companies, I write to voice strong opposition to the proposed rule jointly promulgated by the Environmental Protection Agency (EPA) and the National Highway Safety Administration (NHTSA) which, by freezing the current standards between Model Year (MY) 2021-2026, would increase business and consumer fuel costs and undermine the broader economy. I urge you to either adopt the current standards or negotiate with California to come to agreement on a solution that, unlike the proposed rule, would serve the interests of business, consumers, California and the states that have adopted its standards, and the auto industry.

The standards represent a critical opportunity to strengthen the U.S. economy and create jobs – both by benefiting the auto industry and by ensuring fuel cost savings, which in turn will increase spending on non-energy goods and services, which employ more people per dollar of output than the oil and gas sectors. In addition, given the important role of strong standards in driving innovation, the standards will also help ensure the global competitiveness of the industry. Independent studies establish that the standards will benefit the auto industry, businesses and consumers, and drive job and economic growth. Analyses also rebut opponents' claims that the standards will result in prohibitive vehicle prices, and show that they will in fact disproportionately benefit low income households.

On behalf of the BICEP network, I strongly object to the revocation of California's waiver, which would result in additional extensive litigation and regulatory uncertainty, and is clearly not in the interest of the industry or consumers. In addition, revocation of the waiver would eliminate a major driver of industry innovation and undermine states' rights to ensure clean air for their citizens. As businesses with footprints across the country, the availability of fuel efficient and clean vehicles in every state is important to companies in the BICEP network.

A recent analysis commissioned by Ceres and produced by independent automotive industry analysts compares the economic impacts of the preferred alternative of the proposed rule - which would freeze the standards at MY2020 levels through 2026 - with the current standards as set forth in 2012. The analysis finds that suppliers – the largest U.S. manufacturing sector, would be especially disadvantaged under the preferred alternative, and stand to lose $20 billion between 2021-2025 in sales of fuel efficient technologies. The proposed rule would also undermine the broader economy; a recent Synapse study found that increased spending on fuel (resulting in decreased spending on generic consumer goods and services), coupled with a reduction in technological investments in the auto industry, will result in 120,000 fewer job-years in 2035 and reduce gross domestic product (GDP) by $8 billion as compared to the current standards.

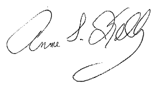
Similarly, an analyst note regarding automakers' financial performance underscores the importance of retaining or strengthening the current standards. The analysis found that as disruption from new technologies, new mobility models, and global trends threaten financial prospects for legacy automakers, the current fuel economy and emissions standards would help enhance the competitiveness of the U.S. auto industry. Given the importance of operating costs in ride sharing platforms, and the synergy between autonomous vehicles and electrification, leadership in fuel efficiency and electrification is key to success in this new era. We are also seeing a global policy shift; China, the world's largest car market, is planning to require that 20% of all cars sold in 2025 be new energy vehicles, in addition to banning vehicles with traditional internal combustion engines – India and several European countries and cities are planning similar bans. The United States should position itself to compete in this new world by retaining or strengthening the current standards, which drive innovation and investment in the technologies needed to succeed in this new era.

An independent affordability analysis refutes automakers' claims that the standards are making vehicles unaffordable for median and low income consumers. While today's new vehicles are certainly less affordable for these consumers, that is not due to the standards, which represent only a modest portion of upfront costs (and of course ultimately provide net benefits). Instead, that reflects the growing income disparity in the U.S. as well as automakers' decision to target affluent buyers by emphasizing luxury features (the average buyer of new vehicles, whose income is 175% of the median U.S. household, is clearly willing to pay for those features as well as fuel efficient technologies). As a result of this increased focus on high end vehicles, an increasing number of median and lower income consumers are migrating to the used car market, where strong standards ensure the availability of fuel efficient vehicles and consumers pay less for fuel saving technology. Thus, rather than being disadvantaged by the current standards, median and low income households would see even greater benefits.

Finally, strong standards will serve to mitigate the economic risks associated with our continuing dependence on oil as well as climate change. First, in light of the volatility of fuel prices, strong standards are needed in order to reduce transportation costs for businesses and consumers. As a result of a shift in fleet mix to larger vehicles, overall fuel economy has plateaued, which highlights the importance of preserving the standards in order to ensure fuel cost savings and reduce our dependence on oil. Second, the recent IPCC special report underscores the urgency of addressing GHG emissions from the transportation sector, which is the largest U.S. source of GHG emissions. Climate change presents significant long-term risks to our businesses as well as the global economy. Weakening the standards will exacerbate that risk, leading to an

additional two billion metric tons of GHG emissions - which is equivalent to putting an additional 480 million cars on the road.
Accordingly, on behalf of the companies in the BICEP network, I urge EPA and NHTSA to either retain the current standards or negotiate with California to come to agreement on a rule that meets the needs of the industry, consumers, and businesses, as well as California and states that have chosen to adopt its standards. Thank you for your consideration of these comments.

Sincerely,



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The Ceres BICEP Network comprises influential companies advocating for stronger climate and clean energy policies at the state and federal level in the U.S. As powerful champions of the accelerated transition to a low-carbon economy, Ceres BICEP Network members have weighed in when it has mattered most. For more information on the Ceres BICEP Network, visit www.ceres.org/BICEP.